

FIRST REGULAR SESSION

HOUSE BILL NO. 813

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES TORPEY (Sponsor), HICKS, ZERR, DIEHL, HAEFNER, SWAN,
REDMON, CROSS, FRAKER, KRATKY, LAUER, CURTIS, ENGLISH, MUNTZEL, REMOLE,
WILSON AND LOVE (Co-sponsors).

1727H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to early stage business development corporations.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 620, RSMo, is amended by adding thereto one new section, to be
2 known as section 620.2700, to read as follows:

620.2700. 1. Beginning in fiscal year 2014, for four consecutive fiscal years, the state
2 **shall pay the sum of eight million dollars per year to no more than five Early Stage**
3 **Business Development Corporations (ESBDCs), which are Missouri not-for-profit**
4 **corporations designated by the department of economic development (DED), in amounts**
5 **as follows:**

6 **(1) Two million dollars for each fiscal year for one ESBDC operating in each of the**
7 **three largest metropolitan statistical areas (MSAs) in the state.**

8 **(2) One million dollars for each fiscal year for two ESBDCs operating in either rural**
9 **areas of Missouri or in MSAs other than the three largest MSAs in the state.**

10 **2. An ESBDC is a Missouri not-for-profit corporation designated by DED as a**
11 **recipient of funds under this section that provides grants to winners of a national or**
12 **international competition for early stage businesses with substantial operations in Missouri**
13 **or that begin operating in Missouri and have potential national or international sales, or**
14 **potential development of new technologies. To be eligible for designation under this**
15 **section, the Missouri not-for-profit corporation must provide grants to early stage for-**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 profit companies without taking an equity interest in the for-profit companies. The grants
17 shall not be in the form of loans, except in the case of Missouri not-for-profit companies
18 operating in rural areas or in MSAs other than the three largest MSAs in the state. Grants
19 provided by an ESBDC to for-profit early stage companies must not exceed two hundred
20 thousand dollars per company. Notwithstanding anything else herein to the contrary,
21 ESBDCs designated by the DED which operate in rural areas or in MSAs other than the
22 three largest in the state may, in addition to other purposes, provide grants to early stage
23 companies for marketing agricultural products, conducting agricultural research or
24 providing services to improve crop or livestock production.

25 3. In order to be eligible for designation by DED under this section, a Missouri not-
26 for-profit corporation operating in one of the three largest MSAs must have raised at least
27 two million dollars from sources other than the state at any point before applying. Once
28 such sum is raised, there shall be no further requirement to receive funds in order to be
29 designated or continue to be designated by DED under this section.

30 4. In order to be eligible for designation by DED under this section, a Missouri not-
31 for-profit corporation operating in rural areas or in MSAs other than the three largest in
32 the state must have raised at least the sum of one hundred fifty thousand dollars in funds
33 at any point before applying. For such a Missouri not-for-profit corporation operating in
34 rural areas or in MSAs outside the three largest in Missouri, there shall be no further
35 requirement to receive funds in order to be designated or continue to be designated by
36 DED under this section.

37 5. Each Missouri not-for-profit corporation seeking to be designated by the DED
38 under this section as an ESBDC must apply for such designation by no later than October
39 fifteenth of the fiscal year for which funds are sought. The DED shall make a decision
40 regarding whether or not to approve such application for designation within sixty days of
41 the date of application and can extend the time for decision a maximum of an additional
42 thirty days. Designation by DED shall not be unreasonably withheld or delayed.

43 6. Designation by DED under this section of an ESBDC shall be for a period of two
44 consecutive years of funding.

45 (1) No more than one Missouri not-for-profit corporation shall be designated by
46 DED as an ESBDC in an MSA which is one of the three largest in Missouri, and no other
47 ESBDC shall be designated by DED for that MSA for such two-year period.

48 (2) No more than two Missouri not-for-profit corporations shall be designated by
49 DED as an ESBDC in rural areas or in MSAs other than the three largest in the state and
50 if two in such areas are designated by DED, no other ESBDC shall be designated by DED
51 from rural areas or from MSAs other than the three largest in the state during that period.

52 **7. If, in any year, no Missouri not-for-profit corporation is designated under this**
53 **section by the DED as an ESBDC for one of the three largest MSAs in a year, the two**
54 **million dollars in funds for that year, which otherwise would have gone to an ESBDC in**
55 **such area, shall be paid to the ESBDCs designated in the remaining two largest MSAs in**
56 **equal amounts. In the event that, for any year in which there is no designation by DED of**
57 **an ESBDC in two of the largest MSAs, the two million dollars in funds for that year for**
58 **each such MSA shall be paid to the ESBDC which has been designated by DED in the**
59 **remaining MSA, which is one of the three largest in the state. In the event no Missouri not-**
60 **for-profit corporation is designated for any year in any of the three largest MSAs, the**
61 **funds, which otherwise would have gone to ESBDCs in such MSAs, shall be paid to the**
62 **ESBDCs operating in rural areas or in an MSA outside the three largest in the state.**

63 **8. In the event only one ESBDC is designated by the DED operating in rural areas**
64 **or in a MSA other than the three largest MSAs, the one million dollars otherwise payable**
65 **to a second ESBDC in such areas shall be paid to the designated ESBDC operating in rural**
66 **areas or in an MSA other than the three largest. In the event no ESBDC is designated by**
67 **the DED in rural areas or in an MSA other than the three largest, the two million dollars**
68 **for such ESBDCs in such areas shall be paid to those ESBDCs that have been designated**
69 **in equal amounts.**

70 **9. Missouri not-for-profit corporations meeting the requirements of this section,**
71 **including those previously designated under this section by the DED, may apply for**
72 **designation for an additional two-year period following the first two-year period. The**
73 **same standards for designation and requirements for ESBDCs and timing of applications**
74 **and DED designations set forth in this section shall apply to the second two-year period.**

75 **10. The DED shall evaluate the following criteria in determining whether to**
76 **designate a Missouri not-for-profit corporation under this section:**

77 **(1) Potential growth of jobs in Missouri;**

78 **(2) Development of Missouri early stage businesses which can lead to national or**
79 **international sales;**

80 **(3) Level of business support services provided to grant recipients by the community**
81 **in which the applicant operates; and**

82 **(4) Level of funds raised from sources other than the state.**

83 **11. In the event multiple applications are submitted to DED by Missouri not-for-**
84 **profit corporations for designation under this section for the same area, and, if such**
85 **Missouri not-for-profit corporations comply with the requirements set forth in this section,**
86 **then the DED shall designate as the ESBDC for that area the Missouri not-for-profit**

87 applicant that has a history of having raised the largest total of funds, other than from the
88 state, as of the date of the application.

89 **12. Funds provided by this section may be used by the ESBDC for administrative**
90 **expenses, grants, operations, and building a long-term endowment for grants.**

91 **13. Funding under this section shall end unless renewed, after the sum of thirty two**
92 **million dollars has been paid to ESBDCs. In the event that eight million dollars in funding**
93 **is paid to ESBDCs in four consecutive years, then no further funding under this section**
94 **shall be approved without this section being renewed.**

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